



October 7, 2010

Ms. Kathleen Cole Harder  
Regional Water Quality Control Board, Central Valley Region  
11020 Sun Center Dr., Suite #200  
Rancho Cordova, CA 95670

Dear Ms. Harder:

On behalf of the 33 employees at Agrium's West Sacramento Nitrogen Operations, I am writing to express our concern with the economic impact of proposed changes in waste water treatment regulations in the Central Valley.

Agrium is one of North America's largest producers and retailers of crop nutrients. The inputs manufactured at our facility in West Sacramento are used by farmers throughout California to improve the productivity of the state's agriculture lands and help provide healthy, affordable food throughout the region.

Products made at our West Sacramento facility also are used by local power plants to reduce air emissions, by the medical device industry in life-saving respiratory equipment and in a variety of manufacturing processes.

Agrium has worked closely with the Sacramento Regional County Sanitation District (SRCSD) and other regulators to insure that the water used at our plant is managed responsibly. Before discharging water into the system, it is captured and monitored at our production facility. As an industrial customer, we commend the District on its continuous work to improve water quality in the Sacramento metropolitan area and safeguard the water supply for our residents. This includes sophisticated laboratory and monitoring tools and state-of-the-art water recycling programs.

The Central Valley Regional Water Quality Control Board new discharge permit for SRCSD would add requirements that the district simply cannot afford without passing on extraordinary costs to its customers. The costs of the new requirements exceed \$2 billion.

Agrium's annual water treatment costs are approximately \$12,000. Under the proposed permit requirements, this cost would triple to approximately \$36,000 each year. In our business, these costs will lead to increased expenses for our farm customers and ultimately higher prices on the grocery store shelves.

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Agrium believes we all must share the responsibility for water resource stewardship. We promote best practices for nutrient use through the 4R stewardship program, develop and market new enhanced efficiency fertilizers and promote the Caring for Our Watersheds program for schools.

The proposed requirements go far beyond the Clean Water Act standards already exceeded by SRCSD. Further, the costs associated with a new microfiltration system and other provisions of the proposed regulation must be based on sound science. Issues such as the impact of ammonia concentrations may not meet this basic standard. In the words of the *Sacramento Bee* in developing the new standards some have "played fast and loose with the facts."

We will continue to do our part to insure that regional water supplies are safe. We are proud of our partnership with SRCSD and want to work with the Water Quality Control Board to find balanced approaches that address the challenges that now exist in meeting the water needs of the State of California.

Sincerely,



Paul E. Poister

Manager, Government Relations